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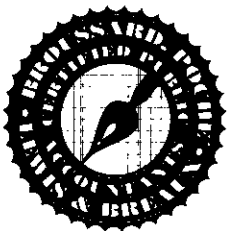
DOWNTOWN DEVELOPMENT AUTHORITY
FINANCIAL REPORT
DECEMBER 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-20-05

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INDEPENDENT AUDITORS' REPORT

To The Downtown Development Authority
Lafayette, Louisiana

We have audited the accompanying basic financial statements of Downtown Development Authority, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended December 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Downtown Development Authority as of December 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2005, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The budgetary comparison information listed as required supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Downtown Development Authority. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Broussard, Pache, Lewis & Breaux, L.L.P.

Lafayette, Louisiana

March 29, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Downtown Development Authority's financial performance provides an overview of Downtown Development Authority's financial activities for the fiscal year ended December 31, 2004. Please read it in conjunction with the Authority's financial statements, which begin on page 10.

I. FINANCIAL HIGHLIGHTS

Downtown Development Authority's net assets increased by \$50,123 or 4% as a result of this year's operations.

Downtown Development Authority's total program revenues were \$38,193 which is \$60,000 less than last year. This is the result of the Authority receiving a one-time capital contribution in the prior year.

Total expenses for Downtown Development Authority during the year ending December 31, 2004 were \$357,281.

II. USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 10 and 11) provide information about Downtown Development Authority's activities as a whole and present a longer-term view of Downtown Development Authority's finances. Fund financial statements start on page 14. These statements tell how the services were financed in the short-term as well as what remains for future spending.

A. REPORTING DOWNTOWN DEVELOPMENT AUTHORITY AS A WHOLE

1. THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of Downtown Development Authority as a whole begins on page 4. One of the most important questions asked about Downtown Development Authority's finances is, "Is Downtown Development Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about Downtown Development Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report Downtown Development Authority's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure Downtown Development Authority's financial position or financial health. Over time, increases or decreases in Downtown Development Authority's net assets are one indicator of whether its financial health is improving or deteriorating.

We record the fund maintained by the Downtown Development Authority as governmental activities in the Statement of Net Assets and the Statement of Activities.

B. REPORTING DOWNTOWN DEVELOPMENT AUTHORITY'S MOST SIGNIFICANT FUNDS

1. FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the Authority's General Fund, not the Authority as a whole.

All of Downtown Development Authority's expenses are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using the modified accrual method, which measures cash and all other financial assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of Downtown Development Authority's general operations and the expenses paid from this fund. The information in the governmental fund helps determine if there are more or less financial resources to finance future Downtown Development Authority expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental fund in a reconciliation on the pages that follow the fund financial statements.

III. DOWNTOWN DEVELOPMENT AUTHORITY AS A WHOLE

The following table reflects the condensed Statement of Net Assets for 2004, with comparative figures from 2003.

TABLE I
NET ASSETS
December 31, 2004 and 2003

	2004	2003
Assets:		
Current assets	\$1,457,498	\$1,372,391
Capital assets	<u>86,009</u>	<u>88,451</u>
Total assets	<u>\$1,543,507</u>	<u>\$1,460,842</u>
Liabilities:		
Current liabilities	\$ 24,072	\$ -
Long-term liabilities	<u>87,971</u>	<u>79,501</u>
Total liabilities	<u>\$ 112,043</u>	<u>\$ 79,501</u>
Net assets:		
Invested in capital assets	\$ 86,009	\$ 88,451
Unrestricted	<u>1,345,455</u>	<u>1,292,890</u>
Total net assets	<u>\$1,431,464</u>	<u>\$1,381,341</u>
Total liabilities and net assets	<u>\$1,543,507</u>	<u>\$1,460,842</u>

Net assets of Downtown Development Authority's governmental activities increased by \$50,123 or 4% over the prior year. Unrestricted net assets, the part of net assets that can be used to finance Downtown Development Authority expenses without constraints or other legal requirements increased from \$1,292,890 at December 31, 2003 to \$1,345,455 at December 31, 2004.

The table below provides a summary of the changes in net assets for the year ended December 31, 2004, with comparative figures from 2003.

TABLE II
CHANGE IN NET ASSETS
For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Program revenues -		
Operating and capital grants and contributions	\$ 38,193	\$ 98,193
General revenues -		
Property taxes	345,092	340,020
Investment earnings	24,119	30,595
Miscellaneous	<u>-</u>	<u>400</u>
Total revenues	<u>\$ 407,404</u>	<u>\$ 469,208</u>
Expenses:		
General government	\$ 12,152	\$ 11,154
Economic development	<u>345,129</u>	<u>321,479</u>
Total expenses	<u>\$ 357,281</u>	<u>\$ 332,633</u>
Increase in net assets	<u>\$ 50,123</u>	<u>\$ 136,575</u>

During the fiscal year ended December 31, 2004, program revenues decreased \$60,000 because funds were received in the prior year related to the Acadiana Center for the Arts project and that project was completed last year.

Expenses, including depreciation expense of \$2,442, increased by \$24,648 or approximately 7%. The majority of the increase is due to funding for Acadiana Center for the Arts in 2004.

IV. GENERAL FUND BUDGETARY HIGHLIGHTS

The Downtown Development Authority's General Fund budget was not revised during the 2004 fiscal year. All items were within the budgeted appropriations and no revisions were required.

There was a positive variance in the capital project development appropriation due to the following: (1) funds were not expended for the development seed funds portion of the appropriation, (2) only a portion of the Acadiana Center for the Arts operating was expended and, (3) there were no expenditures for the comprehensive plan/regs. The marketing/business development line item also had a positive variance as appropriations for the economic development specialist were not expended in 2004 as well as some information and services appropriations.

The positive variance in the beginning fund balance was due to appropriated funds which were not expended in the 2003 fiscal year for property acquisition-development seed.

V. CAPITAL ASSETS

At the end of 2004 Downtown Development Authority had \$86,009 invested in capital assets. This amount represents a net decrease of \$2,442, or 3% from last year.

The decrease was entirely attributable to depreciation expense as there were no additions to or deletions of capital assets during the fiscal year ended December 31, 2004.

VI. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor considered when preparing the fiscal year 2005 budget was the revenue derived from the special assessment. The special assessment proceeds are the major revenue source to the General Fund, making up approximately 88% of the revenue in the 2005 fiscal year budget. This revenue has remained fairly constant over the years and is budgeted as such for 2005.

VII. CONTACTING THE DOWNTOWN DEVELOPMENT AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the funds maintained by Downtown Development Authority and to show Downtown Development Authority's accountability for the money it receives. If you have any questions or need additional financial information, contact Downtown Development Authority, Executive Director, at 735 Jefferson Street, Suite 204, Lafayette, Louisiana 70501.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF NET ASSETS

December 31, 2004

ASSETS

Cash on hand	\$ 150
Cash and investments held by Lafayette Consolidated Government	1,113,326
Taxes receivable	188,158
Due from other governmental agencies	155,864
Capital assets:	
Non-depreciable	21,000
Depreciable, net	<u>65,009</u>
Net assets	<u>\$1,543,507</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 24,072
Long-term liabilities:	
Portion due or payable within one year -	
Accrued compensated absences	6,357
Portion due or payable after one year -	
Accrued compensated absences	<u>81,614</u>
Total liabilities	<u>\$ 112,043</u>

NET ASSETS

Invested in capital assets	\$ 86,009
Unrestricted	<u>1,345,455</u>
Total net assets	<u>\$1,431,464</u>
Total liabilities and net assets	<u>\$1,543,507</u>

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
			<u>Governmental Activities</u>
Governmental activities:			
General government	\$ 12,152	\$ -	\$ (12,152)
Economic development	<u>345,129</u>	<u>38,193</u>	<u>(306,936)</u>
Total governmental activities	<u>\$ 357,281</u>	<u>\$ 38,193</u>	<u>\$ (319,088)</u>
General revenues:			
Taxes -			
Property taxes			\$ 345,092
Investment earnings			<u>24,119</u>
Total general revenues			<u>\$ 369,211</u>
Change in net assets			\$ 50,123
Net assets, beginning			<u>1,381,341</u>
Net assets, ending			<u>\$ 1,431,464</u>

See Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2004

ASSETS	<u>General Fund</u>
Cash on hand	\$ 150
Cash and investments held by Lafayette Consolidated Government	1,113,326
Taxes receivable	188,158
Due from other governmental agencies	<u>155,864</u>
Total assets	<u>\$1,457,498</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 24,072
Deferred revenue	<u>344,022</u>
Total liabilities	<u>\$ 368,094</u>
Fund balance:	
Unreserved -	
Designated for subsequent year's expenditures	\$ 622,505
Undesignated	<u>466,899</u>
Total fund balance	<u>\$1,089,404</u>
Total liabilities and fund balance	<u>\$1,457,498</u>

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2004

Total fund balance - governmental fund \$1,089,404

Total net assets reported for governmental
activities in the statement of net assets
is different because:

Capital assets used in governmental activities
are not financial resources and, therefore, are
not reported in the funds. Those assets consist
of -

Land	\$21,000	
Buildings, net of \$10,732 accumulated depreciation	60,815	
Equipment, net of \$27,225 accumulated depreciation	<u>4,194</u>	86,009

All of the Authority's taxes will be collected
after year end, but are not available soon
enough to pay for the current period's expendi-
tures and, therefore, are reported as deferred
revenue in the fund. 344,022

Long-term liabilities applicable to the Authority's
governmental activities are not due and payable
in the current period and accordingly are not
reported as fund liabilities. All liabilities -
both current and long-term - are reported in the
statement of net assets.

Balances at December 31, 2004 are -
Compensated absences (87,971)

Total net assets of governmental activities \$1,431,464

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended December 31, 2004

	<u>General Fund</u>
Revenues:	
Taxes - ad valorem	\$ 345,027
Intergovernmental	38,193
Investment earnings	<u>24,119</u>
Total revenues	<u>\$ 407,339</u>
Expenditures:	
Current -	
General government	\$ 12,152
Economic development	<u>334,217</u>
Total expenditures	<u>\$ 346,369</u>
Net change in fund balance	\$ 60,970
Fund balance, beginning	<u>1,028,434</u>
Fund balance, ending	<u>\$1,089,404</u>

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Net change in fund balance - governmental fund	\$ 60,970
The change in net assets reported for governmental activities in the statement of activities is different because:	
The governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current year. There were no capital outlays in the current period.	
	(2,442)
Revenue in the statement of activities that does not provide current resources is not reported as revenue in the fund.	65
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. The adjustment here relates to the adjustment for accrued compensated absences in the current period.	<u>(8,470)</u>
Change in net assets of governmental activities	<u>\$ 50,123</u>

See Notes to Financial Statements.

DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of Downtown Development Authority have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Authority's accounting policies are described below.

Reporting entity:

The Downtown Development Authority, a component unit of the Lafayette City-Parish Consolidated Government, was created by the Louisiana Legislature to implement various plans to aid and encourage both private and public development of the Lafayette Centre Development District. Funding is provided by a repayment of a loan made under a UDAG grant and an ad valorem tax approved by the voters of the District. The tax began in 1993 and will continue for fifteen years.

Basis of presentation:

The Authority's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements -

The government-wide financial statements include the statement of net assets and the statement of activities of the Authority. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions.

In the government-wide statement of net assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net assets are reported in two parts - invested in capital assets and unrestricted. The Authority has no restricted resources.

NOTES TO FINANCIAL STATEMENTS

The government-wide statement of activities reports both the gross and net cost of each of the Authority's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net assets resulting from the current year's activities.

Fund financial statements -

The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major governmental funds. The Authority has only one fund, its General Fund. The General Fund is the Authority's general operating fund. It is used to account for all of the financial resources of the Authority.

Basis of accounting:

Government-wide financial statements -

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund financial statements -

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

NOTES TO FINANCIAL STATEMENTS

The Authority considers property taxes as "available" in the year following the assessment, when the majority of the taxes are collected.

Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Fixed assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide statements -

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at cost or estimated historical cost. Donated fixed assets are recorded at their fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation on all capital assets, excluding land, is calculated on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Equipment	5 - 10

Fund financial statements -

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated absences:

Employees of the Authority earn vacation pay in varying amounts ranging from eight hours per month to 16 hours per month, depending upon length of service. At the end of each year, employees may carry forward vacation time earned but not taken with the maximum allowable carryover of unused vacation time being equal to one year's accumulated vacation time. Subject to the above limitation, unused vacation is paid to an employee upon retirement or resignation at hourly rates being earned by that employee at separation.

NOTES TO FINANCIAL STATEMENTS

Sick leave is accumulated at the rate of 12 days per year, and any unused sick leave may be carried forward without limitation. No sick leave is paid upon resignation. Employees separated due to retirement or death are paid for all accumulated sick leave at the hourly rates being earned by that employee at separation.

In the government-wide statements, the Authority accrues accumulated unpaid vacation and sick leave and associated related costs when earned (or estimated to be earned) by the employee. The current portion is the amount estimated to be used/paid in the following year. The remainder is reported as non-current. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," no compensated absences liability is recorded in the governmental fund financial statements.

Equity classifications:

Government-wide statements -

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets - Consists of capital assets net of accumulated depreciation.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "invested in capital assets."

The Authority has no restricted net assets at December 31, 2004.

Fund statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments

Downtown Development Authority deposits its cash in the Lafayette City-Parish Consolidated Government's Consolidated Cash Account for investment and disbursement purposes. The Lafayette City-Parish Consolidated Government holds the funds in its account in the name of the Authority. At October 31, 2004, the Lafayette City-Parish Consolidated Government's fiscal year end, the Government's account was covered by federal depository insurance or by collateral held by the Government's agent in the Government's name.

At December 31, 2004, \$1,113,326 of cash and investments were being held by the Lafayette City-Parish Consolidated Government and the Authority had \$150 of cash on hand. Information related to fair value of the investments owned by the Authority at December 31, 2004, as required by GASB No. 31, was not available. Therefore, they are reported at cost.

Note 3. Ad Valorem Taxes

Fund financial statements -

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

Taxes are budgeted and the revenue recognized in the year following the assessment, when the majority of the taxes are actually collected.

The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Sheriff. The taxes are remitted to the Authority net of deductions for Pension Fund contributions.

For the year ended December 31, 2004, taxes were levied on property with assessed valuations totaling \$34,499,750 and the millage was 10.15.

Total taxes levied, exclusive of homestead exemptions, was \$344,022 for 2004. Taxes receivable at December 31, 2004 totaled \$188,158, all of which is considered collectible.

Government-wide financial statements -

Property taxes are recognized in the year for which they are levied net of uncollectible amounts, as applicable.

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-term Debt

During the year ended December 31, 2004, the following changes occurred in the liability reported as long-term obligations.

	Balance December 31, <u>2003</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2004</u>
Compensated absences	\$ <u>79,501</u>	\$ <u>8,470</u>	\$ <u>-0-</u>	\$ <u>87,971</u>

Note 5. Compensation of Authority Members

No compensation was paid to Authority members during the year ended December 31, 2004.

Note 6. Employee Retirement System

Municipal Employees' Retirement Systems (MERS)

Plan description:

Employees are eligible to retire under Plan A of the System at age 60 with 10 years of creditable service, or at any age with 20 years of creditable service. Monthly benefits consist of 3% of a member's final compensation, multiplied by years of service with certain limitations. The System also provides disability and survivor benefits. All benefits are established by state statute. MERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy:

Plan members are required to contribute 9.25% of their annual covered salary and the Authority is required to contribute at an actuarially determined rate. The current rate was 11% until July 1, 2004 at which time it increased to 15%. The contribution requirements of plan members and the Authority are established by statute. The Authority's contributions to MERS for the years ended December 31, 2004, 2003 and 2002 were \$14,284, \$10,053 and \$7,823, respectively, equal to the required contribution each year.

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 21,000	\$ -0-	\$ -0-	\$ 21,000
Capital assets being depreciated -				
Building	\$ 71,547	\$ -	\$ -	\$ 71,547
Equipment	31,419	-	-	31,419
Total capital assets being depreciated	\$ 102,966	\$ -0-	\$ -0-	\$ 102,966
Less: accumulated depreciation for:				
Building	\$ (10,732)	\$ -	\$ -	\$ (10,732)
Equipment	(24,783)	(2,442)	-	(27,225)
Total accumulated depreciation	\$ (35,515)	\$ (2,442)	\$ -0-	\$ (37,957)
Total capital assets being depreciated, net	\$ 67,451	\$ (2,442)	\$ -0-	\$ 65,009
Governmental activities capital assets, net	\$ 88,451	\$ (2,442)	\$ -0-	\$ 86,009

Depreciation expense was charged to functions as follows:

Economic development	<u>\$ 2,442</u>
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REQUIRED SUPPLEMENTARY INFORMATION

DOWNTOWN DEVELOPMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes - ad valorem	\$ 343,957	\$ 343,957	\$ 345,027	\$ 1,070
Intergovernmental	38,193	38,193	38,193	-
Interest	<u>10,000</u>	<u>10,000</u>	<u>24,119</u>	<u>14,119</u>
Total revenues	<u>\$ 392,150</u>	<u>\$ 392,150</u>	<u>\$ 407,339</u>	<u>\$ 15,189</u>
Expenditures:				
Current -				
General government:				
Charges for collection of taxes	\$ 11,154	\$ 11,154	\$ 12,152	\$ (998)
Economic development:				
Personnel costs	139,244	139,244	139,168	76
Supplies and materials	3,755	3,755	3,016	739
Travel and meetings	4,700	4,700	5,371	(671)
Telephone and meetings	3,800	3,800	2,812	988
Printing and postage	2,175	2,175	598	1,577
Equipment maintenance	1,500	1,500	100	1,400
Other insurance premiums	1,000	1,000	518	482
Rent	3,100	3,100	3,096	4
Capital project development	544,993	544,993	42,331	502,662
Supplemental services	106,960	106,960	85,871	21,089
Contractual services	6,500	6,500	-	6,500
Marketing/business development	127,500	127,500	19,376	108,124
Arts Center funding	150,000	150,000	29,207	120,793
Other	<u>3,100</u>	<u>3,100</u>	<u>2,753</u>	<u>347</u>
Total expenditures	<u>\$1,109,481</u>	<u>\$1,109,481</u>	<u>\$ 346,369</u>	<u>\$ 763,112</u>
Net change in fund balance	\$ (717,331)	\$ (717,331)	\$ 60,970	\$ 778,301
Fund balance, beginning	<u>1,016,698</u>	<u>1,016,698</u>	<u>1,028,434</u>	<u>11,736</u>
Fund balance, ending	<u>\$ 299,367</u>	<u>\$ 299,367</u>	<u>\$1,089,404</u>	<u>\$ 790,037</u>

DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO BUDGETARY COMPARISON SCHEDULE

Budgetary data:

The Downtown Development Authority follows the procedures detailed below in adopting its budget.

1. An annual budget, prepared on a basis consistent with generally accepted accounting principles as applied to governmental units, is adopted for the General Fund. The budget is proposed by the Executive Director and adopted by the Board. It is then sent to the Lafayette City-Parish Consolidated Government Council for approval.
2. Any amendments must be approved by the Board and the Lafayette City-Parish Consolidated Government Council. All appropriations lapse at the end of the fiscal year, unless carried over by Board action.

All budgeted amounts presented reflect the original budget and the final amended budget (which is the same as the original because there were no revisions during the year).

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Terrel P. Dressel, CPA*

Craig J. Viator, CPA*

Retired:

Sidney L. Broussard, CPA* 1980

Leon K. Poché, CPA 1984

James H. Breaux, CPA 1987

Erma R. Walton, CPA 1988

George A. Lewis, CPA* 1992

Geraldine J. Wimberley, CPA* 1995

Larry G. Broussard, CPA* 1996

Lawrence A. Cramer, CPA* 1999

Ralph Friend, CPA* 2002

Eugene C. Gilder, CPA* 2004

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Downtown Development Authority
Lafayette, Louisiana

We have audited the financial statements of Downtown Development Authority, a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended December 31, 2004, and have issued our report thereon dated March 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Broussard, Pache, Lewis & Proulx, L.L.P.
Lafayette, Louisiana
March 29, 2005

DOWNTOWN DEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004

We have audited the financial statements of Downtown Development Authority as of and for the year ended December 31, 2004, and have issued our report thereon dated March 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2004 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No

Reportable Conditions ☐ Yes ☒ None Reported

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II - Financial Statement Findings

No matters were reported.

DOWNTOWN DEVELOPMENT AUTHORITY

SCHEDULE OF PRIOR FINDINGS
For the Year Ended December 31, 2004

Section I. Internal Control and Compliance Material to the Financial Statements

None reported.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.